Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

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PAGE 01 BANGKO 02488 130644Z

11
ACTION EB-07

INFO OCT-01 ISO-00 EA-06 INR-07 SS-15 L-02 /038 W
---------- 008250
R 120917Z FEB 75
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 724

C O N F I D E N T I A L BANGKOK 2488

STADIS//

E. O. 11652: GDS
TAGS: EAIR, TH
SUBJ: CIVAIR: REPORTED CASH CRISIS FOR AIR SIAM

1. WE HAVE IT ON EXCELLENT AUTHORITY FROM NON-AIRLINE AMERICAN SOURCE THAT AIR SIAM IS IN EXTREMELY SERIOUS FINANCIAL STRAITS. THERE HAVE BEEN INDUSTRY RUMORS FOR WEEKS THAT, DESPITE ROSY EARNINGS REPORTS, INCLUDING ALLEGED DEBT REDUCTION, ISSUED IN DECEMBER, AIR SIAM HAS BEEN SUFFERING CASH FLOW PROBLEMS. OUR SOURCE INSISTS AIRLINE IS $15 MILLION IN DEBT AND LOSING MONEY STEADILY.

2. ACCORDING SOURCE, OTHER ASPECTS OF SITUATION ARE: AIR SIAM IS NOT ABLE PUT UP CASH TO EXTRACT FROM CUSTOMS US$600,000 IN PARTS SENT HERE BY GENERAL ELECTRIC AT AIR SIAM'S REQUEST FOR USE ON AIRCRAFT ENGINES; AIRLINE HAVING TROUBLE MEETING PAYROLLS AND HAS IN SOME RECENT INSTANCES POSTPONED WAGE PAYMENTS FOR TWO MONTHS; AIRLINE HAS RENEGED ON PLEDGE, GIVEN WHEN AIRBUS A-300B SENT HERE FOR USE ON BANGKOK-HONGKONG RUN, TO SIGN CONTRACT TO PURCHASE NEW MODEL AIRBUS: AIR SIAM IS PAYING US$1000 DAILY TO EL AL FOR LONG-TERM DRY LEASE OF 707 WHICH HAS NOT BEEN OPERATED IN WEEKS. WE WILL, OF COURSE, TRY DEVELOP THESE LEADS.

3. IN ADDITION TO IMPLICATIONS THIS REPORT MAY HAVE, IF CONFIRMED, FOR ANY FURTHER CONSULTATIONS ON ROUTE RIGHTS, DEPARTMENT MAY WISH TO ADVISE US CREDITORS, SUCH AS DOUGLAS AIRCRAFT WHICH HAS REPORTEDLY LEASED DC10S TO AIR SIAM, TO
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WATCH SITUATION CLOSELY.

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KINTNER

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Decaption Note: 25 YEAR REVIEW
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